THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

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M.A. MEIGHEN, Chairman
D. (H. MEARS, Executive Director
R.I. GRAY, Secretary Treasurer

September 25, 1986

The Honourable Murray Elston
Minister of Health for Ontario
Queen's Park
Toronto, Ontario
M7A 2C4

Dear Mr. Minister:

On behalf of the Members of The Ontario Cancer Treatment and Research Foundation, and in accordance with paragraph 13(1) of The Cancer Act, I am pleased to submit the publication "Cancer in Ontario 1985" and the enclosed audited financial statements for the year ended March 31, 1986 as the Annual Report of the Foundation for the fiscal year ended March 31, 1986.

As I am sure you are aware from our financial statements for 1984/85 and 1985/86, and from submissions made to your Ministry for 1986/87, our revenues from Government are insufficient to meet our expenditures resulting in a growing operating deficit. This is occasioned primarily by the rapidly increasing numbers of patients referred to our Centres. We are confident that your Ministry will be able to correct this continuing problem for us.

We are most appreciative of the commitment of the Government of Ontario through your Ministry to the capital needs of our Regional Centres in Hamilton, London, Sudbury and Windsor. Expansion of our Centres in Ottawa and Thunder Bay are also required.

The Members of the Board are also appreciative of the support of your Ministry, the efforts of the Foundation staff and all others who have, by their dedication and continuing efforts, contributed to a brighter future for Ontario's cancer patients.

Yours sincerely,

M.A. Meighen
Chairman

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1986

Office of the
Provincial
Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A2
416 965-1381

To The Ontario Cancer Treatment and Research Foundation and
to the Minister of Health.

I have examined the balance sheet of The Ontario Cancer Treatment and Research Foundation as at March 31, 1986 and the statements of capital and endowment fund revenue and expenditure, capital and endowment fund, research and other special purposes funds, clinic construction fund, equipment fund, and changes in cash position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

Bequests and donations to the Foundation, by their nature, are not susceptible to complete audit verification. Accordingly, my verification of receipts from these sources was limited to a comparison of recorded receipts with bank deposits.

In my opinion, except for the effect of any adjustments which might have been required had I been able to completely verify bequests and donations, these financial statements present fairly the financial position of the Foundation as at March 31, 1986 and the results of its operations and the changes in cash position for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Foundation and to the Minister.

J.F. Otterman

Toronto, Ontario,
August 15, 1986.

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor.

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

Balance Sheet as at March 31, 1986

Assets	1986 $	1985 $
Current		
Cash	637,393	723,280
Investments (notes 1c and 2a)	27,251,792	28,672,265
Accrued investment income	534,837	540,467
Accounts receivable	594,279	455,145
Due from the Province of Ontario	334,700	1,560,334
Prepaid expenses	14,216	63,270
	29,367,217	32,014,761
Other		
Advances to The Ontario Cancer Institute	175,000	175,000
Fixed assets (notes 1d and 3a)	14,898,910	15,043,966
Deposits on equipment (note 3b)	244,703	126,735
	15,318,613	15,345,701
	44,685,830	47,360,462

Liabilities and Fund Balances

Current		
Accounts payable	5,111,619	5,148,592
Funds (note 1a)		
Capital and endowment (statement 3)	19,347,714	25,535,466
Research and other special purposes (statement 4)	9,105,632	8,594,859
Clinic construction (statement 5)	6,741,770	2,881,545
Equipment (statement 6)	4,379,095	5,200,000
	39,574,211	42,211,870
	44,685,830	47,360,462

See accompanying notes and schedule to financial statements.

On behalf of the Board:

Chairman

Secretary-Treasurer

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

Capital and Endowment Fund
Statement of Revenue and Expenditure
for the year ended March 31, 1986

	1986 $	1985 $
Revenue		
Province of Ontario		
Operation of treatment clinics	27,934,700	25,218,600
Cancer control programs	11,800,000	10,495,100
Research	3,735,500	3,626,700
Treatment clinics	2,095,068	1,577,484
Donations and legacies (note 1b (i))	1,281,647	715,332
Investment income	2,690,998	1,578,206
	49,537,913	43,211,422
Expenditure		
Treatment clinics, including certain cancer control expenditure (schedule)	34,076,966	28,876,067
Cancer control programs		
Grant to The Ontario Cancer Institute	1,901,276	1,776,912
Grants for miscellaneous cancer control programs	1,007,471	1,061,184
Operation of hostels by treatment clinics	2,283,359	2,006,264
Assistance to cancer patients	1,548,754	1,742,276
Sundry clinical expenses	80,015	93,712
General and administrative expenses	1,560,422	1,426,719
Epidemological, statistical and information system expenses	3,324,601	2,440,523
	11,705,898	10,547,590
Research		
Grant to The Ontario Cancer Institute	2,255,360	2,245,752
Other grants and expenses	1,547,486	1,010,877
	3,802,866	3,256,629
Total expenditure funded from the Capital and Endowment Fund	49,585,730	42,680,286
Excess (deficiency) of revenue over expenditure	(47,817)	531,136
Depreciation expense on equipment for which the Foundation has received full reimbursements in prior years (notes 1a(iv) and 3)	(3,036,506)	(1,907,863)
Deficiency of Revenue over Expenditure	(3,084,323)	(1,376,727)

See accompanying notes to financial statements.

STATEMENT 3

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

Statement of Capital and Endowment Fund for the year ended March 31, 1986

		1986 $	1985 $
Balance, beginning of year		25,535,466	30,135,759
Add:	Grants from the Province of Ontario	-	1,531,554
	Transfers from research and other special purposes funds (statement 4)		
	For research from research fund	158,986	21,674
	For equipment purchases from other special purposes fund	-	423,206
	Transfer from equipment fund (statement 6)	2,997,585	-
		3,156,571	444,880
Less:	Deficiency of revenue over expenditure (statement 2)	3,084,323	1,376,727
	Transfer to construction fund (statement 5)	4,200,000	-
	Transfer to equipment fund (statement 6)	2,060,000	5,200,000
		9,344,323	6,576,727
Balance, end of year		19,347,714	25,535,466
Represented by:			
Fixed assets		14,898,910	15,043,966
Deposits on equipment		244,703	126,735
Endowment fund (unrestricted funds available to the Foundation)		4,204,101	10,364,765
		19,347,714	25,535,466

See accompanying notes and schedule to financial statements.

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

Statement of Research and Other Special Purposes Funds for the year ended March 31, 1986

		1986 $	1985 $
RESEARCH FUND			
Balance, beginning of year		4,319,712	3,941,995
Add:	Donations (note 1b(i))	437,722	292,882
	Investment income	378,618	388,673
	Transfer from other special purpose fund	4,325	-
		820,665	681,555
Less:	Transfer to capital and endowment fund for research expense (statement 3)	158,986	21,674
	Transfer to other special purposes fund	-	1,456
	Miscellaneous research expenses	402,136	280,708
		561,122	303,838
Balance, end of year		4,579,255	4,319,712
OTHER SPECIAL PURPOSES FUND			
Balance, beginning of year		4,275,147	3,998,582
Add:	Donations (note 1b(i))	1,228,879	1,124,306
	Investment income	240,291	272,794
	Transfer from research fund	-	1,456
		1,469,170	1,398,556
Less:	Transfer to capital and endowment fund for equipment purchases (statement 3)	-	423,206
	Transfer to research fund	4,325	-
	Miscellaneous expenses	1,213,615	698,785
		1,217,940	1,121,991
Balance, end of year		4,526,377	4,275,147
		9,105,632	8,594,859

See accompanying notes and schedule to financial statements.

STATEMENT 5

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

Statement of Clinic Construction Fund for the year ended March 31, 1986

		1986 $	1985 $
Balance, beginning of year		2,881,545	2,627,136
Add:	Investment income	348,686	268,014
	Transfer from capital and endowment fund (statement 3)	4,200,000	-
		4,548,686	268,014
Less:	Design, planning and construction costs at various clinics	688,461	13,605
Balance, end of year (note 5)		6,741,770	2,881,545

STATEMENT 6

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

Statement of Equipment Fund for the year ended March 31, 1986

		1986 $	1985 $
Balance, beginning of year		5,200,000	-
Add:	Investment income	116,680	-
	Transfer from capital and endowment fund (statement 3)	2,060,000	5,200,000
		2,176,680	5,200,000
Less:	Transfer to capital and endowment fund for equipment purchases (statement 3)	2,997,585	-
Balance, end of year		4,379,095	5,200,000

See accompanying notes and schedule to financial statements.

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

Statement of Changes in Cash Position for the year ended March 31, 1986

	1986 $	1985 $
Cash Provided by (used for)		
Operations - Capital and endowment fund		
Deficiency of revenue over expenditure	(3,084,323)	(1,376,727)
Add: Depreciation not requiring an outlay of cash in the current year	3,724,725	1,729,879
	640,402	353,152
Changes during the year in:		
Investments	1,420,473	(1,188,292)
Accrued investment income	5,630	146,079
Accounts receivable	(139,134)	21,100
Due from the Province of Ontario	1,225,634	(209,444)
Prepaid expenses	49,054	(983)
Fixed assets	(3,579,669)	(5,040,873)
Deposits on equipment	(117,968)	1,777,336
Accounts payable	(36,973)	1,515,391
	(1,172,953)	(2,979,686)
Funds receipts net of expenses:		
Capital and endowment	-	1,531,554
Research and other special purposes	669,759	1,099,162
Clinic construction	(339,775)	254,409
Equipment	116,680	-
	446,664	2,885,125
Increase (decrease) in cash	(85,887)	258,591
Cash, beginning of year	723,280	464,689
Cash, end of year	637,393	723,280

See accompanying notes and schedule to financial statements.

SCHEDULE

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

Expenditures of Treatment Clinics for the year ended March 31, 1986

Clinic	Salaries and Benefits $	Clinical Supplies $	Operation and Administration $
Hamilton	3,928,566	468,573	901,194
Kingston	2,343,731	34,969	628,314
London	4,123,597	588,963	857,411
Ottawa	6,012,924	1,070,840	1,760,850
Sudbury	544,795	47,432	67,698
Thunder Bay	1,299,744	151,639	431,773
Toronto-Bayview	3,904,692	433,492	1,596,461
Windsor	1,708,963	377,882	368,867
	23,867,012	3,173,790	6,612,568

Depreciation $	1986 Total $	1985 Total $
105,573	5,403,906	4,880,819
19,943	3,026,957	2,729,611
5,392	5,575,363	5,205,222
21,103	8,865,717	7,424,657
-	659,925	-
253,800	2,136,956	1,547,681
9,976	5,944,621	4,802,701
7,809	2,463,521	2,285,376
423,596	34,076,966	28,876,067

THE ONTARIO CANCER TREATMENT AND RESEARCH FOUNDATION

Notes to Financial Statements
as at March 31, 1986

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Ontario Cancer Treatment and Research Foundation (the Foundation) present the financial position and results of its operations within the framework of the accounting policies summarized below :

(a) Funds

Resources are classified for accounting and reporting purposes into four funds. Transfers between these funds are made as required.

(i) Capital and Endowment Fund

The capital and endowment fund includes the ordinary day-to-day operating transactions of the Foundation. Revenue of this fund consists of grants from the Province of Ontario, income from investments and its clinics together with donations and legacies which have no restriction on their use. In addition to normal operating expenditures, grants for special purposes may be made from this fund subject to approval by the members of the Foundation.

(ii) Research and Other Special Purposes Funds

Donations or grants which have restrictions placed on their use are credited directly to these funds. Where it is appropriate for the fund to earn income, investment income is allocated to it. In some cases only the investment income earned by these funds may be used by the Foundation. Disbursements from these funds are made in accordance with the terms associated with donations or grants.

(iii) Clinic Construction Fund

The clinic construction fund represents funds held for major construction projects. Income is allocated to it from the investment income earned by the Foundation. Disbursements are made as approved by the members of the Foundation. Costs for construction of cancer clinics are charged directly to this fund and are not recorded as fixed assets for financial statement purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Funds (cont'd)

(iv) Equipment Fund

Effective April 1, 1985 the Ministry of Health changed its method of funding approved equipment purchases by the Foundation. Formerly the Ministry reimbursed the full amount of approved equipment purchases to the Foundation at the time of acquisition. Under the new funding arrangement the Ministry will fund equipment purchases on a basis of depreciation of the capital cost over a five year period. Accordingly, the Foundation has set up a separate equipment fund.

(b) Revenue and Expenditure

(i) Revenue of capital and endowment, research and other special purposes, and clinic construction funds is recorded on the accrual basis except that bequests and donations, due to their nature, are included in revenue as received.

(ii) Expenditures of capital and endowment, research and other special purposes, and clinic construction funds are recorded on the accrual basis when goods or services are acquired in the current fiscal year.

(c) Investments

Investments are reflected at cost with the exception of those received as part of legacies which are recorded at market value on the date of receipt.

(d) Fixed Assets

Depreciation of fixed assets is provided for on a straight line basis at 20 per cent per annum.

Land and buildings donated to the Foundation by the Ontario Division, Canadian Cancer Society are recorded at nominal value.

2. INVESTMENTS

	1986 $	1985 $
(a) Short term investments, at cost (which is equivalent to market)	3,287,719	8,360,863
NHA mortgages (market value $132,576 ; 1985 - $191,117)	132,003	184,144
Bonds and debentures (market value $14,202,928; 1985 - $12,190,551)	12,290,714	11,792,956
Stocks (market value $14,659,032 1985 - $10,097,414)	11,541,356	8,334,302
	27,251,792	28,672,265

(b) The Foundation's portfolio includes investments for both restricted and unrestricted funds. At March 31, 1986 restricted funds are $20,226,497 (1985 - $16,676,404) (statements 4,5 and 6).

3. FIXED ASSETS

(a)

	1986		1985	
	Cost $	Accumulated Depreciation $	Cost $	Accumulated Depreciation $
Office furniture, general and computer equipment	8,589,572	3,643,871	7,212,012	2,407,445
Therapeutic and other technical equipment in service	18,700,204	9,035,825	16,579,303	6,619,730
Radioactive cobalt	501,266	259,232	429,575	198,723
Radium	58,483	11,695	48,966	-
	27,849,525	12,950,623	24,269,856	9,225,898
	12,950,623		9,225,898	
	14,898,902		15,043,958	
Land and buildings, at nominal value	8		8	
	14,898,910		15,043,966	

Effective April 1, 1985, the Foundation revised its depreciation allowance as follows:

- Office and therapeutic equipment from 10 per cent to 20 per cent per annum.
- Radium, not previously depreciated, to 20 per cent per annum.

These changes resulted in an increase in depreciation expense of $628,000.

(b) As at March 31, 1986 the Foundation has outstanding contractual commitments to acquire a linear accelerator for the Windsor Centre at a cost of $1,223,515, and has paid $244,703 as a down payment.

4. PENSION PLAN

The Foundation has a voluntary pension plan for its employees. Based on the actuarial valuation of the plan as at January 1, 1985, the plan had a surplus of $3,687,000.

5. EXPANSION OF FACILITIES

The Foundation has been given approval by the Ministry to proceed with three major capital development projects at Hamilton, London and Sudbury.

The estimated cost of construction including equipment for these projects is $80 million. Two-thirds is to be provided by the Ministry of Health and one-third is to be provided by the Foundation.

6. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with the current year's presentation.